
OLR Bill Analysis

SB 1054

AN ACT CONCERNING ANNUAL ADJUSTMENTS TO ASSESSMENT RATES.

SUMMARY:

This bill modifies the law requiring Hartford to make annual adjustments to its property tax assessment ratios.

Existing law requires a municipality that meets certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, beginning with the 2011 assessment year. It applies to any municipality that, in the 2010 assessment year, was implementing the law that allows towns to provide a special property tax relief program. Hartford is the only municipality that used this program and thus is the only municipality affected.

Under current law, the annual adjustments to residential property assessments range from 0% to 5%. The bill makes the adjustments percentage point, rather than percentage, increases, thus increasing the adjustments. As under current law, the amount of the adjustment depends on the growth in property taxes levied over the previous fiscal year, adjusted for inflation.

The bill makes a similar change to a related provision allowing voters in Hartford to petition for a referendum on any budget that increases the tax levy over a specified threshold.

EFFECTIVE DATE: July 1, 2013

RESIDENTIAL PROPERTY ASSESSMENT RATIOS

Beginning with the 2011 assessment year, the law requires Hartford's assessor to calculate an adjustment to the residential assessment ratio to reflect the growth in property taxes levied over the previous fiscal year, adjusted for inflation. The bill makes the

adjustments percentage point, rather than percentage, increases, as Table 1 shows.

This change increases the residential assessment ratio adjustments. For example, assume the base residential assessment ratio is 30% and the adjusted tax levy in the current fiscal year exceeds that of the prior fiscal year by more than 100% of the inflation rate. Under current law, the assessment ratio would increase to 31.5%; under the bill, it would increase to 35%.

Table 1: Residential Property Assessment Ratio Adjustments

<i>If the Adjusted Tax Levy in the Current Fiscal Year (adjusted for inflation)</i>	<i>Increase in Residential Property Assessment Ratio</i>	
	<i>Current Law</i>	<i>Bill</i>
Is less than that of the prior FY by at least 0.5%	None	None
Is equal to or less than 0.5% less than that of the prior FY	1.5%	1.5% points
Exceeds that of the prior FY by 50% of the inflation rate or less	2.5%	2.5% point
Exceeds that of the prior FY by between 50% and 100% of the inflation rate	3.5%	3.5% points
Exceeds that of the prior FY by more than 100% of the inflation rate	5%	5% points

BUDGET REFERENDUM

Current law (1) allows voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year and (2) if voters reject the budget, requires the city to limit the tax levy increase to 2.6%. The bill instead sets both of these thresholds at 2.6 percentage points, rather than 2.6%.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 51 Nay 0 (04/04/2013)